

Sample: Title II beneficiary receiving benefits

Social Security Administration

Robert Retiree
456 Anywhere Ave
New York, NY 11111-1111

Date: November 22, 2006
Claim Number: XXX-XX-XXXX

Your Social Security benefits will increase by 3.3 percent in 2007 because of a rise in the cost of living. The premium you pay for Medicare Part B (Medical Insurance) will increase because of a change in the law. A new Medicare law requires some people to pay a higher premium for their Medicare Part B coverage based on their income.

How Much Social Security Will I Get?

- Your new 2007 monthly benefit amount before deductions is: \$1,135.70
- Your 2007 deduction for Medicare Part B premium is: \$124.40
 - \$93.50 for the standard Medicare premium, plus
 - \$30.90 for the income-related monthly adjustment amount based on your 2005 income tax return
- Your deduction for prescription drug coverage or Medicare Advantage is: \$25.00
- Your benefit amount after deductions that will be deposited into your bank account or sent in your check on January 10, 2007 is: \$986.00

About Your Medicare Part B Premium

Your Medicare Part B premium is the standard Medicare premium, plus any surcharges for late enrollment or reenrollment, plus an income-related monthly adjustment amount. To decide if you must pay an income-related monthly adjustment amount, we asked the Internal Revenue Service (IRS) about your modified adjusted gross income (MAGI). Your MAGI is the total of your adjusted gross income and certain forms of tax-exempt income, most often tax exempt interest.

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If you filed your taxes as married, filing jointly, IRS gave us your MAGI because it was more than \$160,000.00 in 2005 or 2004. If you used any other filing status, IRS gave us your MAGI because it was more than \$80,000.00.

The information we received from IRS showed us that your modified adjusted gross income (MAGI) in 2005 was \$205,000.00. In 2005, you had an adjusted gross income of \$100,000.00 plus \$105,000.00 in certain tax-exempt interest income. In that year, you filed your taxes as Married, filing jointly. We used the following table to decide your income-related increase:

| If your filing status was: | And your MAGI range was: | Then your income-related monthly adjustment is: |
|--|---------------------------------|--|
| Single, Head of Household or Qualifying Widow(er) | \$80,000.01 - \$100,000.00 | \$12.30 |
| | \$100,000.01 - \$150,000.00 | \$30.90 |
| | \$150,000.01 - \$200,000.00 | \$49.40 |
| | More than \$200,000.00 | \$67.90 |
| Married, filing Jointly | \$160,000.01 - \$200,000.00 | \$12.30 |
| | \$200,000.01 - \$300,000.00 | \$30.90 |
| | \$300,000.01 - \$400,000.00 | \$49.40 |
| | More than \$400,000.00 | \$67.90 |
| Married, filing separately (if you lived apart throughout the year, see below) | \$80,000.01 - \$120,000.00 | \$49.40 |
| | More than \$120,000.00 | \$67.90 |

If your tax filing status was married, filing separately, and you lived apart from your spouse throughout the tax year we used, please call us about your living arrangements, because it could lower your Medicare premiums. We will set up an appointment to discuss that information. Please bring a copy of the most recent income tax return you filed with IRS to the appointment.

If you have been paying a reduced Part B premium based on a small Social Security check, the increased premium amount will apply beginning with your January benefit.

The income-related monthly adjustment amounts we use are being phased in from 2007 until 2009. For 2007, the amounts are one-third of the percentage of increase based on ranges of MAGI that will apply in 2009. In 2008, we will apply two-thirds of the increase in the law.

If Your Income Has Gone Down

If your MAGI has gone down at least one range in the table above or has gone below the amounts in the table since you filed your 2005 income taxes and:

- you have married, divorced, or become widowed, or
- you or your spouse has stopped working or reduced work hours, or
- you or your spouse lost income from property due to a disaster or other event beyond your control, or

- you or your spouse's defined benefit pension plan ended or was reduced,

contact us to discuss why you believe you should get a new decision about your Medicare Part B premium.

You will need to bring proof of the above listed event that caused your income to go down (such as a death certificate or a letter from the Pension Benefit Guaranty Corporation or your pension fund administrator, or from your employer about your retirement) and a copy of your filed Federal income tax return or amended tax return that you obtain from IRS for the year(s) you want changed, if you have it.

If your income has gone down, you will need to tell us at any time during January through September so we can correct your income-related monthly adjustment amount in that year. However, if the event that makes your MAGI go down did not occur until October 1 or later in the year, we can correct your income-related monthly adjustment amount for that year if you tell us before the end of March of the following year.

If You Believe The MAGI Information For The Year We Used Is Incorrect

If you believe that the MAGI information we used was not correct, please contact us to ask for a new decision about your income-related Medicare Part B premium. You will need to show us a copy of your Federal income tax return. If it is an amended return, you also will need to show us a letter or transcript from IRS acknowledging receipt of your amended return. If IRS corrected their records of your tax information for the year we used, you will need to show us the letter you received from IRS. If you do not have all this information, IRS can help you get it. Bring a copy of your Federal income tax return with you.

If You Disagree With Our Decision About Your Income-Related Monthly Adjustment Amount

If you disagree with this decision about your income-related monthly adjustment amount, you have the right to appeal. We will review the decision we made to verify that a correct decision was made. A person who did not make the first determination will decide your case.

The income-related amount of your Medicare Part B premium is based on information we received from IRS. If you do appeal, we may start withholding your increased premiums before we make our decision on your appeal. If we change our decision about your income-related monthly adjustment amount, we will correct the amount. If you request an appeal because you believe that the IRS information is incorrect, we will give you information on how you can contact the IRS to obtain evidence to support your request for a new decision.

- You have 60 days to ask for an appeal.
- The 60 days start the day after you get this letter. We will assume you received this letter 5 days after the date of the letter, unless you show us that you did not get it within the 5-day period.

- You must have good reason for waiting more than 60 days to ask for an appeal.

You may contact one of our offices to file your appeal. You may also request an appeal using a Form SSA-561-U2, called "Request for Reconsideration." You can find the form on line at www.socialsecurity.gov/online/ssa-561.pdf, or you can call 1-800-772-1213 for help.

If You Want Help With Your Appeal

You can have a friend, lawyer or someone else help you with your appeal. You should let us know if someone will be helping you. If you pay a fee to someone for helping you, the fee cannot be automatically deducted from your monthly benefits. You are responsible for paying all legal fees.

Other Medicare Information

Medicare's new prescription drug coverage began in 2006. The Centers for Medicare & Medicaid Services recently mailed the "Medicare & You 2007" handbook to all households with Medicare. This handbook contains information about Medicare's new drug coverage.

For Medicare information, including coverage and billing, you can visit www.medicare.gov on the Internet or call 1-800-MEDICARE (1-800-633-4227) or TTY 1-877-486-2048, if you are deaf or hard of hearing, 24 hours a day.

Other Important Social Security Information

If You Work And Receive Social Security Benefits

If you were "full retirement age" (age 65 and 8 months in 2006) or older during the entire year, you may keep all of your benefits no matter *how* much you earn. But if you were younger than full retirement age at any time during the year, there is a limit to how much you can earn before your benefits are reduced.

- If you were under full retirement age all year in 2006, the earnings limit was \$12,480.00. We must deduct \$1 from your benefits for each \$2 you earned over \$12,480.00.
- If you reached full retirement age during 2006, the earnings limit was \$33,240.00. We must deduct \$1 from your benefits for each \$3 you earned over \$33,240.00 until the month you turned 65 and 8 months.

The earnings limit for workers who are under "full retirement age" in 2007 is \$12,960.00. The earnings limit for people turning their full retirement age in 2007 is \$34,440.00. If you earn more than the earnings limit, your benefits will be reduced.

A Rule About Stepchildren

If a stepchild receives benefits based on your work and you and the stepchild's parent divorce, the law requires you to report this information to us. We must stop the stepchild's benefits the month after the divorce becomes final.

For More Information Or To Contact Us

For more information, you can visit our website at www.socialsecurity.gov on the Internet to find general information about Social Security. If you have questions about your Medicare Part B premium, please visit www.medicare.gov. You can also call us at 1-800-772-1213 and speak to a representative from 7 a.m. until 7 p.m. on business days. If you have a touch-tone phone, recorded information and services are available 24 hours a day. Our lines are busiest early in the week and early in the month, so if your business can wait, it is best to call at other times. If you are deaf or hard of hearing, you may call our TTY number, 1-800-325-0778. If you are outside the United States, you can contact any U.S. embassy or consulate office, or the Veterans Affairs Regional Office in Manila. Please have your full nine-digit Social Security claim number available when you call or visit and include it on any letter you may send to the Social Security Administration. If you are inside the United States, you also can visit your local office.

Social Security
26 Federal Plaza
New York, NY 10278

If you have questions about your Medicare coverage, visit www.medicare.gov or call 1-800-MEDICARE (1-800-633-4227; TTY 1-877-486-2048).

Beatrice M. Disman
Regional Commissioner